The Digitisation of Workforce in the Sumitomo Mitsui Financial Group, Inc.

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Introduction

Organizations are encountering rapid changes in the business environment driven by technological advancement and shifting consumer needs. While this affects other organizations, financial organizations have not been an exception. Financial organizations are being triggered towards a shift in digitizing their workforce, which involves integrating the upcoming digital tools and technologies into their work processes, jobs, and problems. Digitization promotes efficiency, productivity, and competitiveness (Borowiecki et al., 2021). This report provides a thorough analysis of the digitization of the workforce in the Sumitomo Mitsui Financial Group, Inc., and a well-developed business strategy to respond to the issue.

Description of Business Issue

Digitization of the workforce refers to the process by which a business or an organization transitions from primarily manual labour to a technology-driven workforce (Muro et al., 2017). The process includes automating some tasks using digital tools oriented at promoting communication and implementing data-driven analysis to make informed decisions. Digitizing the workforce helps companies manage large data sets, reduce the time taken for consumer request responses, increase overall efficiency, and match with the competition in the market. While this might seem a 21st-century concern, the digitization of the workforce has had historical significance.

Historical Significance of Digitization of the Workforce

Digitization of the workforce has a historical significance on workplace behaviour, design, and operations. Historically, tasks were performed manually. However, the introduction of the personal computer in the 20th century and its wide adoption paved the way for digital transformation in the workplace. The introduction of the new technology disrupted traditional working processes and led to the creation of new job roles. They enabled the automation of various processes, such as calculations, and decreased the time required to perform tasks that would otherwise require more labour to manage manually.

The digitization of the workforce had a significant impact on workplace behaviour. Digital technology significantly changed how employees interacted with each other and their work. For instance, technology enabled the connection between resources, such as the interconnection between departments and ideas around the globe. Before long, the internet was available in the 1990s. Through the efforts of Tim Berners-Lee. Digital destinations, or what is referred to today as the World Wide Web, were invented (Porterfield, 2015). As a result, businesses would now host and share information and hold digital communication. The flexibility for workers was increased as individuals could perform some tasks outside their offices. The considerable contribution to workplace behaviour was that individuals would collaborate as the invented digital tools would support communication. This fostered both negative and positive consequences for the workplace relationship and communication dynamics, as technology can enhance and provide a platform for collaboration and teamwork. It can also yield the feeling of decreased face-to-face communication and collaboration and, thus, isolation. Therefore, workplace behaviour is significantly impacted by the digitization of the workforce.

In the case of workplace operations, the digitization of the workforce has caused increased efficiency and productivity. Task automation reduces the need for manual labour, thus freeing employees to concentrate on higher-level tasks (Abollado et al., 2017). Individuals could also contribute remotely and seek advice from external contributors far away from a business location. This reduced the need for office spaces and enabled companies to save more. In addition, digitization brought about the skill gap with the increased requirement for individuals with digital skills who would effectively perform their skilled jobs in the technologically advanced digital space.

Current Happening

In today's world, various developments are being experienced across the realms of digitization of the workforce. To start with, remote working has become widely adopted. The COVID-19 pandemic necessitated and brought about the recognition and acceptance of remote working. The social distance rule, lockdowns as preventive measures, and the need to protect elderly employees resulted in individuals being requested to work from home. At home, individuals could collaborate with others and even engage in workplace meetings through digitized platforms. Therefore, it can be concluded that the efficacy experienced during the period proved that technological advancement could now be effectively applied in workplaces where individuals could work away from their usual working offices.

Workforce digitization has also led to the adoption of artificial intelligence (AI) in the workplace. AI is transforming work performance, leading businesses to increase efficiency and productivity. Companies have employed AI across various sectors to explore its potential as a business disruptor (Bughin et al., 2017). With this, AI has been used in workforce digitization. Robots have been applied to working environments, empowered with artificial intelligence to learn and adapt to changes. In addition, AI-empowered machines have also been used to perform repetitive tasks and complex problem-solving solutions. For instance, a Forbes report indicates that "about 70% of financial firms have shifted to using machine learning to adjust credit scores, predict cash flow, and detect fraud" (Columbus, 2020). However, digitizing the workforce using AI has created job displacement, creating the need for individuals to reskill and upskill to fit in the technological spaces.

The digital era, leading to the digitization of the workforce, has led to a skills gap today (Jandrić & Ranđelović, 2018). With the daily advancement in technology and technological tools, most employees lack the technological literacy required to fit in the digitized workforce and perform their jobs effectively. For instance, at the end of 2019, about 7 million jobs in America remained vacant, with employers citing the lack of qualified employees as the cause of the existing skill gap (Craig, 2019). Therefore, this has triggered the need for reskilling and engaging in upskilling programs to ensure that individuals adapt to the current and future nature of work.

Finally, Companies are shifting to digital workplace design. Companies are heavily investing in digitizing their workforce to promote their operations and efficiency, while simultaneously working hard to shift to the digital workplace design that greatly affects workplace behaviour and operations. Therefore, the increased need for a digitized workforce has facilitated virtual work environments that support employees' well-being while fostering a sense of community and productivity.

The focus of the Contemporary Literature

The contemporary literature on the digitization of the workplace focuses on its impacts on the workforce and the job market. For instance, Lauande and De Minicis's (2022) study looks at the impact of digital and algorithmic technology effects on the workforce and employment, finding that the workforce does not lead to an intensive replacement of the workforce. However, other literature highlights the contrary. Other pieces of literature have focused on skills development and the future of work.

Description of the Scope of the Company

Sumitomo Mitsui Financial Group, Inc. (SMFG) is a Japanese company in the financial industry and the banking sector with its headquarters in Tokyo, Japan. It offers banking, asset management, and financial services. SMFG company's main activities include retail, corporate, investment banking, and asset management. On the other hand, its main products include insurance, loans, mortgages, corporate finance, and wealth management. The company offers its services to institutional, corporate, and municipal clients (SMFG, 2023). SMFG operations are within Japan and internationally in 39 nations and regions, where it serves a diverse customer base providing financial services.

While the SMFG has undertaken steps towards the appreciation of technological advancement, there is a need to digitize the workforce. However, this does not mean that the company has undertaken zero efforts in the digitization of the workforce, as it has worked to provide an application where individuals can access some of its services without having to visit their branches. However, the company should work towards a more digitized workforce to build a more agile workforce that will help it respond to the changing customer needs, improve its work efficiency, and remain competitive in the rapidly changing market.

Description of the Function and Importance of Strategy

The workforce is digitized by leveraging technology to attain automation and streamline work processes. Therefore, the primary function of workforce digitization is to promote operational efficiency and effectiveness, thus improving customer experience and satisfaction. The banking sector is a service industry where the way services are delivered to consumers harnesses the sector’s competitiveness. Therefore, digitizing the workforce would play a significant role for the SMFG financial company as internal leverage for the competition in the ever-evolving market base needs.

Workforce digitization strategy has become important for the banking sector in recent years and thus crucial for the SMFG financial company, with the continued technology advancement as it shapes how business is done. It brings various benefits to financial organizations. First, digitizing the workforce, such as providing automation to account opening and loan processing, can increase efficiency due to the reduced need for manual intervention and the reduction of errors. By automating such routine activities that workers engage in, the company can save time and finances and, at the same time, improve accuracy and service delivery consistency.

In addition, workforce digitization can lead to improved customer service. While SMFG takes the best steps to deal with customers’ opinions and complaints by creating a customer contact desk and partnering with FINCMAC, a customer satisfaction survey conducted by the SMBC Group found only 72.5% out of the 5, 400 respondents as satisfied (SMBC, 2022). The results show that about 27.5% are unsatisfied with how the company offers its services. Some of these reasons might be customer feedback, convenience in information access, and complaint handling that involves a series of steps before resolution. Therefore, by digitizing the workforce, the company can offer real-time customer support with limited required steps and wait time, and allow individuals quick and convenient access to financial information.

Explaining the Strategy Importance Using the 5P’s Model

The 5P Model provides a different approach to developing a strategy by focusing on different benefits that a strategy can yield. The following is a discussion of how each P can tell the importance and the need for digitizing the workforce:

Plan: Planning yields myriad benefits. The more a company conducts its planning, the more they are likely to achieve its goals and also minimize the risk of missing them. Therefore, workforce digitization can assist the SMFG company in planning and strategizing for its future success and expansion. For instance, using technology in data analytics and resolving customer complaints can help identify areas for improvement and predict the roadmap that would align with company goals.

Ploy: According to Mintzberg, outdoing competitors through disruption, discouraging, dissuading, or even influencing is part of the strategy (Khalifa, 2022). Thus, the strategy can be a ploy and a plan simultaneously. Therefore, workforce digitization can give the business a competitive advantage by disrupting manual-dependent competitors by enabling automated routine tasks, freeing workers to concentrate on higher-value roles and activities. This can, in return, reduce operational costs and increase efficiency and productivity.

Pattern: Pattern calls for a successful way of achieving goals that can develop into a strategy. Digitization can help SMFG companies identify patterns in their operations through valuable insights into the areas that can be improved. For instance, analyzing data can identify where processes can be streamlined and how they can be streamlined.

Position: Here, the company can build its place in the marketplace and promote its reputation. In this case, digitization of the workforce gives room to deliver timely services, reduce errors, and increase efficiency, increasing customer satisfaction. This helps the company to be more agile and competitive in the marketplace.

Perspective: Any decision for a business depends on the perspective in which a business views the issue. Therefore, a business that views its operations and workforce as digitized will employ technologically supported solutions to problems that manifest. For instance, if the company notices the need to improve based on consumer feedback when the workforce perspective is that of a digitized one, it will result in adopting or considering data analytics tools rather than manual analysis to assist them in making well-informed decisions.

Description of How Managers Deal with Changes

Managers are equipped to deal with changes in workforce digitization. They can be equipped by ensuring they stay informed of the available technology trends in the sector. Also, they can encourage a learning and upskilling culture towards technological skill development among employees. In addition, they can always cooperate with technological tool vendors with limited knowledge of the same to ensure that they are supplied with the new changes. Finally, they can deal with the changes by adopting the new processes flexibly.

Recommended Strategies

The SMFG company ought to strive towards attaining workforce digitization to remain a top service provider in the finance and banking sectors. Thus, various strategies can be adopted by the company to ensure that they keep up with workforce digitization. To start with, the company should upskill the workforce. This requires training and development programs to keep the workforce updated with the necessary skills to carry out their roles in a digital environment. It prevents the company from lacking skilled individuals in the digitization process.

Secondly, the company should foster a culture of innovation. Digitization necessitates changing the organizational culture and processes affecting how the workforce interacts (Grover et al., 2022). Therefore, workforce digitization has to go hand in hand with the organization's culture. This starts from the management down to the subordinates, who all acknowledge and embrace changes that can lead to the identification of upcoming effective technology to run the banking sector and ensure that they hold a competitive advantage over those using traditional banking practices.

Collaborating with partners who foster digitization can also be used as a strategy for the digitization of the workforce. The partnership is dedicated to acquiring the knowledge, expertise, and resources necessary for digital transformation. Also, these partners can provide company employees with programs to upskill the workforce. For instance, SMFG can partner with Principle Co, Ltd for analytics that can help them grow their business. The partnership also saves the cost the company would experience by hiring a technology strategist. While it might incur the cost of the other firm's services, the benefits, such as gaining a competitive advantage over others in the sector, would be worth it.

Lastly, following the sponsoring, upskilling, and reskilling, SMFG should strive to retain digital talents. For instance, through a review by the glass door reviews, one comment criticizes the company's maternity policy. The worker cites it as a bad maternity policy. For such cases, if the worker is a digital talent and decides to leave the company due to their 'bad' maternity policy, it can lose a vital contributor to its competitive advantage. In return, hiring another individual who has the same capability might lead the organization to incur a heightened cost for the recruitment process. Therefore, SFMG needs to work on its employee retention strategies to preserve the digital talents at its disposal for a competitive advantage over its competitors.

Conclusion

In conclusion, technological advancement has necessitated businesses' need to acknowledge and adopt digitization. Workforce digitization is one of the areas that a company should strive to attain. It entails transitioning the workforce from being primarily manual labour to being technology-driven. As technology evolves in all industries, the financial industry should also implement workforce digitization. Managers should be ready to deal with these changes by staying updated with the new emerging technology, skills, and other advancements that can lead to effective and efficient digitization of the workforce. As addressed by this report, SMFG company has not yet fully implemented workforce digitization and thus should strive to adopt the recommended strategies to create a more agile workforce that can help in responding to consumer needs, thus increasing efficiency and production, and ensuring the company remains competitive in the rapidly changing financial landscape.

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